

**MINUTES**  
COMMITTEE ON FINANCE AND FACILITIES  
FEBRUARY 1, 2018  
1:00 P.M.  
MAIN CONFERENCE ROOM  
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION  
1122 LADY STREET, SUITE 300  
COLUMBIA, SC 29201

Committee Members Present

Commissioner Dianne Kuhl, Chair  
Commissioner Paul Batson  
Commissioner Ken Kirkland  
Commissioner Louis Lynn  
Commissioner Kim Phillips

Guests Present

Commissioner Tim Hofferth  
Commissioner Bettie Rose Horne  
Ms. Beth Bell  
Ms. Stacey Bradley  
Ms. Jacqui DiMaggio  
Ms. Kelly Epting  
Mr. Charlie FitzSimons  
Mr. Derek Gruner  
Ms. Katherine Haltwinger  
Mr. Michael Hughes

Mr. Rick Kelly  
Ms. Anna Lucas  
Dr. Steve Lynn  
Mr. Paul Patrick  
Mr. Rick Petillo  
Ms. Carol Routh  
Mr. Quenton Thompkins  
Mr. Greg Weigle  
Ms. Chapel Wilson  
Ms. Helen Zeigler

Staff Present

Ms. Carrie Eberly  
Ms. Yolanda Myers  
Mr. Morgan O'Donnell  
Mr. Keeran Sittampalan

For the record, notification of the meeting was made to the public as required by the Freedom of Information Act.

**1. Call to Order**

Commissioner Kuhl called the meeting to order at 1:07 p.m. Ms. Myers introduced guests in attendance.

**2. Approval of Minutes**

A motion was made (Batson), seconded (Kirkland), and carried to approve the minutes of the December 7, 2017 Finance and Facilities Committee meeting. Ms. Eberly noted Item B on page two of the minutes should reflect Greenville Technical College rather than the University of South Carolina, and noted the change would be reflected in the Minutes posted to the web.

**3. Chair's Report**

Commissioner Kuhl shared with the Committee and guests present that Robert's Rules would be followed more closely during meetings.

#### **4. Interim Capital Projects**

The following agenda items were presented:

##### **A. Greenville Technical College**

- i. Greenville Building 801 Roof Replacement and HVAC Upgrades  
– Establish Construction Budget**

Ms. Eberly introduced the item, and a motion was made (Batson) and seconded (Phillips) to consider the item. After discussion, the Committee carried the motion to recommend the project as presented.

##### **B. University of South Carolina - Columbia**

- i. Barnwell Exterior Renovation – Establish Project**

Ms. Eberly introduced the item, and a motion was made (Kirkland) and seconded (Lynn) to consider the item. After discussion, the Committee carried the motion to recommend the project as presented.

- ii. Honors College Residence Hall Expansion – Establish Project**

Ms. Eberly introduced the item, and a motion was made (Phillips) and seconded (Lynn) to consider the item. During discussion Commissioner Batson was excused to chair the Committee on Access and Equity and Student Services. At the conclusion of the discussion, the Committee carried the motion to recommend the project as presented.

##### **C. College of Charleston**

- i. City Bistro Interior Renovation – Establish Construction Budget**

Ms. Eberly introduced the item, and a motion was made (Lynn) and seconded (Kirkland) to consider the item. After discussion, the Committee carried the motion to recommend the project as presented.

##### **D. Medical University of South Carolina**

- i. Clinical Sciences Building High Risk Infectious Disease (HRID) Unit  
– Establish Project**

Ms. Eberly introduced the item, and a motion was made (Phillips) and seconded (Kirkland) to consider the item. After discussion, the Committee carried the motion to recommend the project as presented.

Please refer to the attached transcription for discussion on each item.

## **5. Lease Approval**

### **A. University of South Carolina Columbia – Army National Guard Recreation Fields**

Ms. Eberly introduced the item, and a motion was made (Kirkland) and seconded (Lynn) to consider the item. After discussion, the Committee carried the motion to recommend the project as presented.

## **6. Other Business**

The following items were presented as information. A description of the capital projects and leases processed by staff in December and January is included in the attached transcript. Ms. Eberly presented the changes to the tuition and required fees report for the spring semester.

- A. List of Capital Projects & Leases Processed by Staff for December 2017**
- B. List of Capital Projects & Leases Processed by Staff for January 2018**
- C. 2017-2018 Tuition and Required Fees Report, Spring Update**
- D. 2018 Submission Deadlines and Committee Meeting Schedule**
- E. Other Business**

There being no additional items for discussion, a motion was made (Lynn), seconded (Phillips), and carried to adjourn the meeting at 2:28 p.m.

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DIANNE KUHL: All right, ladies and gentlemen. We're going to go ahead and get started. Commissioner Lynn is going to be just a few minutes behind schedule. He had called in to let us know. And Yolanda, are we in compliance?

YOLANDA MYERS: Yes.

DIANNE KUHL: Would you introduce our guests, please?

YOLANDA MYERS: Okay.

From Clemson University, Ms. Beth Bell, Ms. Carol Routh, Mr. Rick Petillo.

From the University of South Carolina, Mr. Derek Gruner, Mr. Rick Kelly, Ms. Helen Ziegler, Mr. Charlie FitzSimons, Ms. Kelly Epting, Ms. Stacey Bradley, Dr. Steve Lynn, and Ms. Chapel Wilson.

From the Medical University of South Carolina we have Mr. Greg Weigle, Ms. Katherine Haltwinger, Mr. Quenton Thompkins.

And from The Department of Administration we have Mr. Michael Hughes. From Greenville Technical College we have Ms. Jacqui DiMaggio, and from POND we have Ms. Anna Lucas. And this meeting is being held in accordance with the Freedom of Information Act.

DIANNE KUHL: Thank you very much.

All right. Dr. Lynn, we are glad that you made it.

LOUIS LYNN: Yes, ma'am.

DIANNE KUHL: I will begin by telling you--

LOUIS LYNN: I missed breakfast. Let me get something.

DIANNE KUHL: Okay. That's all right.

When I came in Mr. Kelly told me-- He said, "I believe I'm going to sit up here at the front today." I told him-- I said, "You're welcome to do that, but I have to remind you of the sign that a friend of mine put up. He's a pastor at a church. He put a sign up in front of his parking place that says 'Minister's parking. You park here, you preach Sunday.'" You'll notice that Mr. Kelly chose not to join us up here today.

RICK KELLY: I couldn't hear.

DIANNE KUHL: There's wisdom in that.

But we are very glad to have all of you here. Thank you so much for taking time to come and join us. We will, I think, get through this fairly quickly.

Do we have a motion to approve the minutes?

PAUL BATSON: So moved.

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DIANNE KUHL: Is there a second?

KEN KIRKLAND: Second.

DIANNE KUHL: Carrie, I believe you had a change you wanted to point out?

CARRIE EBERLY: I just have a minor change on Page 2 of the Minutes document. Item B should reflect Greenville Technical College for the Benson Campus Amphitheater project, rather than the University of South Carolina Columbia. So, I will reflect that change on the approved minutes that are posted on the website.

DIANNE KUHL: Thank you.

Anyone else have any corrections or additions?

[No audible response]

DIANNE KUHL: All right, that being the case, may we have a vote? All in favor of approving the minutes?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any objections?

[No audible response]

DIANNE KUHL: Motion passes.

All right, we are going to do a couple of things differently starting today. In the past we've been a little more relaxed with our format, but as we are moving forward to make things a little simpler, especially for those who are doing our minutes, and as we are beginning to have more and more projects come forward before us it's more-- it's becoming important to have some clarity and definition.

So we're going to start following Robert's Rules a little more closely. That being, the way we're going to do these, instead of just, *Here's our project, now let's talk about it; now let's do a motion--* we will have the introduction of the project, we will have a motion to hear it, and a second.

Once we have the motion and the second to hear the project, then we will have discussion, then we will move to a vote. That make sense?

Because that's what we should be doing under Robert's Rules anyway.

So our first project coming up is Greenville Technical College. Carrie?

CARRIE EBERLY: Greenville Technical College requests to proceed with Phase II of their Building 801 roof replacement as well as the HVAC upgrades to this building. This building is part of their Regional Automotive Technical Center at the Barton Campus. As you've seen in the materials, the roof and

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HVAC systems have exceeded their useful lives in this building, and so the College needs to go ahead and replace and update those items.

The reason why this project is coming through to the Committee is because it is a CIP project, but it has a budget increase of about 22%, which would've been above the threshold previously prior to our changes in processing.

And so, with the change and the increase in budget I would just note that the increase is due to the increase of HVAC units and duct work. This is what we would consider a maintenance needs project. The building condition survey assessment is included for reference as well. And overall, it'll end up saving the college about \$3,000 a year just due to the amount of maintenance and upkeep it's taking right now to keep everything the way it should be.

DIANNE KUHL: Okay. Thank you.

Is there a motion to approve this project?

PAUL BATSON: I'll move that we accept this project for consideration.

DIANNE KUHL: Is there a second?

KIM PHILLIPS: Second.

DIANNE KUHL: Is there any conversation or discussion?

PAUL BATSON: Madam Chair, thank you. We have our CFO from Greenville Tech and I'll brag on her. She is-- In my consideration, she is the number one CFO in the technical college system in the state, and she has at least twice been awarded national awards for excellence in financial reporting. So that's a good job.

Anyway, Jacqui, if you don't mind for a minute just-- would you bring forward news on this program and how we're going to fund it?

JACQUI DiMAGGIO: Certainly. This would be coming out of our plant fund, which is the funds that we use to take care of our maintenance projects. This is something we've been planning for several years.

The McKinney Automotive Center houses several different automotive programs. We're proud to be just starting up a partnership with Honda. We're going to be a regional training center for Honda. It's an older building. It's got an old roof and the HVAC system has a lot of challenges so it's just time to replace it.

PAUL BATSON: Thank you.

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Anybody got any questions?

[No audible response]

PAUL BATSON: I would also add that that building was given to Greenville Tech about 15, 20 years ago.

JACQUI DiMAGGIO: About 15 years ago.

PAUL BATSON: So it's-- We didn't have any money in that to start with and now it's time. We have to pay up.

Thank you, Jacqui.

JACQUI DiMAGGIO: Thank you.

DIANNE KUHL: I'm familiar with--

PAUL BATSON: I'll make a motion to accept the project.

DIANNE KUHL: Any additional questions, comments, discussion?

[No audible response]

DIANNE KUHL: All right. We will move to vet on this project. All in favor of recommending the Greenville Technical College 801 Roof Replacement and HVAC Project for approval please signifying by saying aye.

[Multiple speakers, "Aye"]

DIANNE KUHL: Is there any objection?

[No audible response]

DIANNE KUHL: Fantastic. Congratulations.

All right, University of South Carolina, I believe you are up next with the Barnwell Exterior Renovation. Carrie?

CARRIE EBERLY: The University of South Carolina Columbia Campus requests the Committee to consider a project-- to establish a project to renovate and restore the exterior of the Barnwell College. This building was originally constructed in 1910 and houses the Departments of Psychology, Language and Literature, History, Anthropology, and others within the College of Arts and Sciences.

This is a Year One priority, 6 of 9 for the 2017-18 CPIP. You'll notice, if you looked at the CPIP, it is included on there as well as it is listed as the same amount, so the request aligns with the CPIP submission.

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The scope of the project will include addressing exterior envelope maintenance needs, which we've highlighted as a priority of the Commission, and we do address some of those items for you in the write-up.

The source of funds for this project will be the Institutional Capital Project Fund, and these are the dollars that roll over at the end of the year for maintenance projects or university projects in excess of the debt service fee for full-time students. Annually there's about \$210 that roll over to ICPF based on the current debt service needs.

And the maintenance needs for this building, currently the building condition score on the 2017 Building Condition Survey was a 27 and the exterior system is going to be worked on with this project, which has a rating of 3.75 out of 5, which means it's in dire need of some renovations.

DIANNE KUHL: Thank you.

Is there a motion on this project?

KEN KIRKLAND: So moved.

DIANNE KUHL: Second?

LOUIS LYNN: Second.

DIANNE KUHL: Okay. Is there any conversation or discussion?

LOUIS LYNN: As you do these kind of projects are you looking for any kind of sustainability credential Green Globe or LEED, or any of that kind of stuff?

DEREK GRUNER: There's really not a good opportunity for sustainability here. There's [UNCLEAR] mechanical systems and things that [UNCLEAR] building efficiency. We will elevate the replacement value of the roof with the project.

LOUIS LYNN: Okay.

DEREK GRUNER: [UNCLEAR]

LOUIS LYNN: Okay.

DIANNE KUHL: I'll just throw in I'm delighted to see you taking on some deferred maintenance as opposed to new construction for a change.

PAUL BATSON: The funding of this-- Can we-- I missed that somewhere.

CARRIE EBERLY: It's the ICPF funds. So the Institutional Capital Project Funds. Those are the funds that roll over into an account at the State Treasurer's Office from



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their debt service fee collected from the students. So essentially, it is tuition dollars that have accumulated over the years at the State Treasurer's office. But the whole entire project will be funded with cash.

DIANNE KUHL: All right. Any other questions or comments?

[No audible response]

DIANNE KUHL: All right. May we move to a vote? All in favor of recommending this project?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any objection?

[No audible response]

DIANNE KUHL: Congratulations.

Okay, the USC Honors College Expansion. Carrie?

CARRIE EBERLY: The Committee is asked to consider and recommend a project to expand the Honors College Residence Hall and complete the design as originally intended back in the early 2000s. The current Residence Hall is 192,724 square feet and this project will add an additional 42,000 square feet for the Residence Hall. The expansion will provide both new beds, an apartment for a resident faculty member, several classrooms, a lecture room, and faculty offices.

This is one of those opportunities where the university has the, once again, opportunity to combine auxiliary and E&G with the housing/dining component as well as educational component in this live-and-learn community.

I would just like to note on this project that because it is-- It's essentially completing the original third phase of this residence hall. When the first part of the Honors College Residence Hall was built and went out to bid it came in during a recession time, and it was a much higher bid than was approved at the time. So the university opted to revise their scope and just do the 192,000 square foot facility rather than the full scope of the project that they intended. So since the times have gotten better, they've actually come in and they're actually just trying to complete the original scope of the project.

And with this project they will be using housing reserves as well as capital reserve fund dollars, so there's no additional debt that will be taken out

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like it would have been in the original scope of the project. So I just want to make a note of that.

In regards to the Honors College, it is open for Honors College students. They're encouraged, but not required to live in this residence live-and-learn community and we've actually listed out the occupancy rates for the residence hall for your review as well.

I would note that there is a budget increase on this Phase I in comparison with what they submitted on the CPIP, and that's just due to-- between the time the CPIP was submitted and the time of the Phase I approval recommendation they've actually done a little bit more research and they've got some additional cost details that they've put into this Phase I estimate and also recognizing the current construction market.

And then the last thing I will note is that the annual operating costs of the building are expected to be \$290,000 at this time. Two additional positions will be needed, which were included in the custodial maintenance and administrative cost line on the A-49, which was also included in the materials.

DIANNE KUHL: This is Phase I, right, Carrie?

CARRIE EBERLY: Correct.

DIANNE KUHL: Okay. And so they are currently asking for the \$279,000?

CARRIE EBERLY: Yes, ma'am.

DIANNE KUHL: Okay.

All right, is there a motion on the floor?

LOUIS LYNN: Question. You've selected you're A&E firm and-- Or are you using--

DIANNE KUHL: Motion.

LOUIS LYNN: Oh.

DIANNE KUHL: We need a motion to consider first, please.

LOUIS LYNN: Okay.

KIM PHILLIPS: I'll make that motion.

LOUIS LYNN: Second.

DIANNE KUHL: All right, second? Okay.

RICK KELLY: I'm sorry. Could you your question?

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LOUIS LYNN: Have you selected you're A&E firm or is this the same plans that you originally had?

RICK KELLY: We're out for solicitation for the A&E firm now for this project.

LOUIS LYNN: Did you have this design when you scaled down?

RICK KELLY: It's bigger. It's-- The original design was about 105 beds. This is about 136 beds. There's a classroom space inside of there. There's some different designs that encompass this one, so we couldn't use the original design.

LOUIS LYNN: Okay.

KEN KIRKLAND: Rick, is the demand there for the 136 beds or will it be absolutely full just about at completion?

RICK KELLY: Yes, sir. Let me say with me today and able to answer any of your questions is Dr. Steve Lynn, and Steve is the Dean of the Honors College. We have a waiting list of Honors College kids that want to be in that dorm of 500.

KEN KIRKLAND: Okay.

RICK KELLY: So this is 136 beds.

LOUIS LYNN: Where it's located in town here?

RICK KELLY: Huh?

LOUIS LYNN: Where is it located physically?

RICK KELLY: South Main, Blossom, Sumter Street where old Honeycombs used to be. We tore that down. The original design was a backwards E--

LOUIS LYNN: Okay.

RICK KELLY: --and in order to get to the center section you had to break the annex, that second section that we're doing now. So when the bids came in well over budget we just eliminated the annex and we're going back and we're finishing that now. It's a perfect location.

LOUIS LYNN: Okay.

RICK KELLY: Thank you.

PAUL BATSON: And I have a question. The Honors College, what's required to get in the Honors College?

LOUIS LYNN: Got to be smart.

[Laughter]

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PAUL BATSON: And at least I'm smart enough to ask the question.

[Laughter]

MALE SPEAKER: I can't get in.

RICK KELLY: By the way, I'm smart enough to relay the question.

[Laughter]

DR. STEVE LYNN: It's a holistic application that's based on SAT or ACT scores, your high school grades, two essays that you write in addition to the essays you write to get into the university, and recommendations. So we look at all-- at the whole package.

PAUL BATSON: And in the Honors College, the classes that are taken, say freshman year, are they different than standard classes that are offered to other freshmen?

DR. STEVE LYNN: For the most part they're taking Honors versions of the core classes. So there's a Biology 101 Honors and there's Biology 101. The honors classes do not delay their degree at all. There are some classes that are unique, that are not part of the regular schedule, and they may be based on research that a faculty member is doing at that time or something that's come up that's really current, but for the most part they are standard regular classes. They're just taught in a different format with research.

Actually, one of the real attractors of the Honors College is freshman year you can get on research teams and by the time they're sophomores they can be actually publishing and presenting, and that leads to them being able to have awards and national scholarships and things like that.

PAUL BATSON: And it looks like from the student data here, we got levels from the last ten years in size. And what's your expectation for the next ten years?

DR. STEVE LYNN: So we want to track with the growth of the university. The National Society for Honors Colleges says that about 10% is the maximum that an Honors College should be. We're at about-- We've grown from 4% up to about 6 or 7%. So I think our growth will match the growth of the university, which is to say the class that we're looking for this year will be about 550. So we will inch up over the next decade up to about 600 and maybe [UNCLEAR]. That's a good number for us.

PAUL BATSON: And do you have a program where you all [UNCLEAR] to recruit minorities? Do you expect your outreach to get minorities involved with the Honors College?

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DR. STEVE LYNN: We absolutely do. And we not only look for minorities in the initial group process, but it's possible to transfer into the Honors College. And we don't have that much faith in SAT/ACT scores. You know, some kids come to college and they blossom. You know, maybe it was the high school that they were in.

So some of our real superstars are kids who didn't get in the Honors College and transferred in. So we, in fact, had a workshop yesterday identifying students who were candidates to transfer in because of their grades and recommendations and also because [UNCLEAR].

So yes, we are very alert to that.

LOUIS LYNN: Paul, can I add onto that question? Can you apply only the normal stats -- in-state, out-of-state, minority, female, male. Do you track those?

DR. STEVE LYNN: Oh, of course.

LOUIS LYNN: Yeah, what about-- In-state, out-of-state I guess is one of the most interesting.

DR. STEVE LYNN: In-state, out-of-state we're about equal, and the most current class was 53% out-of-state. So--

DIANNE KUHL: Wow.

DR. STEVE LYNN: You know, we've tried to be about half and half--

LOUIS LYNN: Gender?

DR. STEVE LYNN: --in-state and out-of-state.

LOUIS LYNN: Gender?

DR. STEVE LYNN: Gender, more women than men. The most recent class is 57% female, 43% male.

LOUIS LYNN: And race?

DR. STEVE LYNN: Race is 16% non-white, which if you break that down further, we're about 3% African-American, 2% students of more than one race, about 3% - 4% Asian, 3%, 4%, 5% Hispanic. It varies with any given class.

The students who are-- that we are looking for to increase our diversity, if they meet our minimum standards, they typically have many offers and free rides elsewhere. So for us to recruit those students-- It's a challenge, but we are committed to doing that. They enrich the university.

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- DIANNE KUHL: So you currently have 537 beds, and you're going to add 136, and if I'm hearing you correctly, you have roughly 500 students in each of the four classes. Is that about right?
- DR. STEVE LYNN: Given our growth, the senior class is smaller, but yeah, that's essentially correct.
- DIANNE KUHL: Well, yeah, naturally. I have some attrition in there.
- DR. STEVE LYNN: The total size is (approx.) 2,100.
- DIANNE KUHL: What is your-- Because you've got 500 students on a waiting list.  
Thank you, Paul. Commissioner Batson has to go chair another meeting, so.  
What is your contingency plan for what you would do should you lose a percentage of out-of-state students?
- DR. STEVE LYNN: What is our contingency plan if we were to lose out-of-state students?
- DIANNE KUHL: Mm-hmm. Something happens, there's a market downturn. You know, we've all been talking about the abatement issue, obviously. If there were to be something that happened and--
- DR. STEVE LYNN: I mean, we would still have an abundance-- You're talking about filling this particular dorm--
- DIANNE KUHL: Mm-hmm.
- DR. STEVE LYNN: --we would still have an abundance of students. I mean, our applications for the Honors College have gone up every year, and our standards for admitting students have gone up every year that I've been dean, for seven years. We have a 27% increase in applications this year so I-- Being the top-ranked Honors College in every ranking that's been done, that word has sort of gotten out.
- DIANNE KUHL: Mm-hmm.
- DR. STEVE LYNN: When I go to meetings with the other Honors deans they give me a hard time about it. So I don't think we're going to-- I don't see a decline in terms of students.
- LOUIS LYNN: They all come with full rides? They all come with full scholarships?
- DR. STEVE LYNN: They don't all come with full scholarships. We have, you know, some Carolina scholars. We have some major scholarships that cover tuition and Stamps scholars and McNair scholars. They all come with *some*

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scholarships, but they don't all come-- That would be in some dream world if [UNCLEAR] [Laughter] There are honors colleges where that is the case.

DIANNE KUHL: You mentioned--

DR. STEVE LYNN: [UNCLEAR].

DIANNE KUHL: I beg your pardon. I didn't mean to cut you off. You mentioned that you all look at this at admissions for the Honors College in a very holistic fashion, which I personally think is a good idea. I guess my interest in this is if you're taking this and you're looking at it holistically-- you're looking at what did the student do with extracurricular activities. Did they play sports, were they in student government, not just their SATs and their grades, but what classes did they take.

You know, certainly calculus might get a higher score than basket weaving, although baskets can be pretty hard to do. I'll tell you.

I guess my question on this, going back to the in-state, out-of-state, is that also a factor? Are you deliberately bringing in out-of-state students in this or are you saying, "Looking at these kids, here's our top tier and hey, 50% happen to be from out of state"?

How are you all weighting that or are you?

DR. STEVE LYNN: So we are eager to recruit in-state students. I would not say that it's necessarily that's easier to get in if you're in-state. I think that would diminish students who are in-state that have gotten in.

But we are aware that, you know, we all want to have an Honors College that we've just popped out the numbers and lookie there it's 80% out-of-state. So there is *some* consideration given to that. We will work through that.

You know, picking who we're going to let in is-- It's very much an art and it's something-- Fortunately, I don't have to do it. Admission people do it. The only ones that I have to do are the ones that they can't decide; a kid who made 1600 on the SATs but got Cs in high school. But what do you do with him? So you read the essays, you read the recommendations [UNCLEAR].

DIANNE KUHL: Okay.

KIM PHILLIPS: So the in-state kid and out-of-state kid are equal? I know that'd be hard if holistically he is equal to the in-state kid to get the nod every time.

DIANNE KUHL: Okay.

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KEN KIRKLAND: And let me ask you a quick question. It was one about future growth. I know that you all have got some room to grow. You just made the comment you're going to continue over the next ten years, hopefully, to grow several percentage points.

Does the Honor College have beds, classroom space, dining space, whatever the case may be, to accommodate that growth over the next five to ten years or do you see some other type of request or some other type of funding necessary to meet that growing demand of student number?

DR. STEVE LYNN: I think our growth will be very slight. So we're actually ahead of the growth plan. The growth plan that I've seen for the university has an incoming freshman class of 6,000 and so we're already-- We were at 584 in the freshman class. This was-- You know, the admissions people said we would be about 520, 540 but we were more appealing than they projected at.

But back to your question. The admissions people as I said, they make these decisions, but that-- It's my understanding that if you have it, that would be the case. The only admissions I would get are the problematic ones, but I don't-- What we do is pretty remarkable, and so you can't really scale it up much beyond where we are.

You know, for our classes we need research acting faculty who are good teachers and we need small classes because they're very interactive. So, you know, there's a limit on how much we can grow.

LOUIS LYNN: Will we see this same kind of-- Your regional campuses, is there-- Will we see this same kind of request coming for Spartanburg, Beaufort, et cetera? Is there an Honors College club amongst your campuses kind of deal?

DR. STEVE LYNN: You know, there are Honors Colleges all over, even technical colleges.

LOUIS LYNN: I'm talking about your system; the USC system.

DR. STEVE LYNN: I don't know.

LOUIS LYNN: You don't have-- You don't know if there's one at Beaufort or--

DR. STEVE LYNN: No. I'm sure they have honors programs but I'm not--

LOUIS LYNN: I guess the question is will we see this kind of--

RICK KELLY: I've never heard that being in any of the discussions in the future plans. I really think that the focus has been for our Honors--

LOUIS LYNN: Main campus.



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RICK KELLY: --College to be on the main campus so that-- Again, Dr. Lynn said you got to be sure that you have the faculty-- the right faculty. Those that are doing research, those that are-- You know, some faculty that are great researchers are not that great as teachers and vice versa. When you get the one teacher that is both a researcher and a teacher that's the kind of faculty person they're looking for--

LOUIS LYNN: Got you.

RICK KELLY: --to be able to-- So I can't imagine that's an upstate or an Aiken or a Beaufort situation at all.

DIANNE KUHL: I have one more question for you and this is just my ignorance of how your particular Honors College works. I've noticed that you have four classrooms listed here, that that'll be part of the new construction. Talk to me about those classrooms. I'm assuming that your honor students are taking-- they're in the general population. They're taking--

DR. STEVE LYNN: Oh, yes.

DIANNE KUHL: --gen pop classes.

DR. STEVE LYNN: The classrooms are just a convenience for when we do a tour and we can say, "See, you can have class right in the same building." But students are not going to have-- You know, we need the classrooms. We teach over 600 honors classes a year.

DIANNE KUHL: So you will actually use these classrooms. They're not just for tours.

DR. STEVE LYNN: Oh, absolutely.

DIANNE KUHL: Okay.

DR. STEVE LYNN: We would use the classrooms from morning 'til night. And we do need more classrooms. But that's not the only place where we'll be teaching.

RICK KELLY: But they're not the laboratory type classrooms--

DIANNE KUHL: Right.

RICK KELLY: --that should be for certain classes. You know, they're specialized classes that you go to the science buildings or you go--

DIANNE KUHL: Mm-hmm.

RICK KELLY: --[UNCLEAR] to do that. These are more general classrooms.

DIANNE KUHL: So you do things like honors seminars and things like that, and that's what these would generally be used for?

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RICK KELLY: Yes, ma'am.

DIANNE KUHL: Okay. Yeah, don't ever answer a question with oh, we use those for tours. That's the first way to get me to go, *No, no*. [Laughs]

DR. STEVE LYNN: [UNCLEAR] would be used, but it is-- It's really appealing for the prospective students to see the classrooms, and it's hard to get them in to see the classrooms since there will be people there teaching.

What a lot of students will do is come observe a class, but we've got thousands of students who are looking. We can't bring them into a class without disrupting the class.

DIANNE KUHL: Mm-hmm.

DR. STEVE LYNN: It's not just to show.

DIANNE KUHL: And when you talk student amenities, give us some idea what that would include.

DR. STEVE LYNN: Student amenities--

DIANNE KUHL: Mm-hmm.

DR. STEVE LYNN: --in the building you mean?

DIANNE KUHL: It says, "The residence hall is located in the central campus relative new with attractive student amenities."

LOUIS LYNN: Starbucks.

DR. STEVE LYNN: [UNCLEAR]

RICK KELLY: We have a cafeteria on site--

DIANNE KUHL: Okay.

RICK KELLY: --and that was in the original building. And I think those kind of amenities are-- You know, I don't look for game rooms to be in there or anything like that.

DIANNE KUHL: Mm-hmm.

DEREK GRUNER: Study lounges.

RICK KELLY: Huh?

DEREK GRUNER: Study lounges [UNCLEAR].

RICK KELLY: Lounges and things like that. So it may not-- The use of amenities may be more defined than we would use it generally on campus.

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DIANNE KUHL: Okay. Now, if Dr. Lynn makes a generous donation, you will let him put a tiger paw on each door, right?

LOUIS LYNN: Tiger paw in each room?

RICK KELLY: If Dr. Lynn's got enough money, we would like that[UNCLEAR].

[Laughter]

LOUIS LYNN: Well, no tiger paws.

Where is the Board of Trustees on this? They're waiting for you to bring it back to them or they've already approved it?

RICK KELLY: They've already approved it.

DIANNE KUHL: They've already approved it.

LOUIS LYNN: Okay.

RICK KELLY: [UNCLEAR]

DIANNE KUHL: Yeah.

RICK KELLY: They were visibly-- I was the CFO at USC when we built this project, and to cut that wing off really bothered our trustees because we believed-- We saw the vision that Dr. Lynn and them have accomplished to be one of the best honors colleges in the country, and that just breeds success and they believe that so, you know, they're 100% behind this.

DIANNE KUHL: Good deal.

Are there any other questions or comments?

[No audible response]

DIANNE KUHL: All right, may we have a motion-- We've already got a motion. I'm sorry. May we have a vote to recommend this project? All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

[No audible response]

DIANNE KUHL: Congratulations.

DR. STEVE LYNN: Thank you. Appreciate it.

DIANNE KUHL: Okay. And now we go to -- oh, there it is -- College of Charleston. Carrie?

CARRIE EBERLY: [UNCLEAR]

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DIANNE KUHL: I know, right? Can we go there now?

CARRIE EBERLY: This is Phase II. If you'll recall, we actually just recently heard Phase I back in August of last year. This is Phase II of College of Charleston's City Bistro. They are doing an interior renovation, so they'll be increasing their budget of \$2.1 million to bring the total budget up for this project to \$2.17 million.

I would just like to note that the new revised budget in total is slightly less than what they had originally anticipated. So that's, I would say, good work on their part. Every penny counts in that case. And it is a CPIP project that was included on the 2017-18 CPIP.

Just to go over the scope of the project again with you guys, they'll reconfiguring the dining room and food service stations to maximize their prep space, their space for the students, and this is actually one of the residence hall's dining options. The project will be design bid-build since they are going to try to get as much done during the summer months as possible. Since we didn't have our meeting in January they will be on a very tight schedule at this point in order to get everything done for the fall semester. So that's just something to note as well.

And in August we went over the expenses, cost revenue analysis-- or their income statement of the dining facility and unfortunately, Commissioner Batson's not with us, but we did follow up and he had a question about the intradepartmental expense on their revenues and expense sheet. And so I do just want to note that the explanation of that is, that when a college department hosts an event catered by Aramark they're billed for the catering services via a budget transfer from the department to food services.

So that's kind of how it flip-flops in the system internally and the numbers are going to vary from year to year, just depending on the number of events and the amount of dollars that are going through for the events. So I did just want to note that.

And just as some additional information, the current Aramark contract is for July 2016 through June of 2023, and there is a \$4 million amount included for capital investment in that contract period. They actually just completed one of the projects for that capital investment total for the outside seating area in the same location and then they do have another project that will be coming through with the remaining funds as well in the future.

DIANNE KUHL: Okay. Do we have a motion to--

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LOUIS LYNN: So moved.

DIANNE KUHL: --accept this project?

LOUIS LYNN: So moved.

DIANNE KUHL: Is there a second?

KEN KIRKLAND: Second.

DIANNE KUHL: Okay. Do we have anybody from the college here? Great. I've got one question for you. I notice that it says that the facility currently has 135 interior SEATS, 165 exterior seats, and that you serve an average of 2,400 meals a day. Do you know what that will increase to?

PAUL PATRICK: We expect the total meals served to grow only minimally.

DIANNE KUHL: Mm-hmm.

PAUL PATRICK: Part of what it does now to accommodate the 2,400 meals is we have a to-go window--

DIANNE KUHL: Mm.

PAUL PATRICK: --and so the students will come in and get a meal to go and we're going to try and provide more options for them to actually stay and eat and catch a breath throughout the middle of the day.

The project that Carrie alluded to earlier, the exterior seating where we added a little over 100 seats outside, has certainly done that, and so it's becoming a bit more of a gathering space on campus, which is programmatically one of the things we're trying to achieve.

DIANNE KUHL: So you now have 265 exterior seats?

PAUL PATRICK: No. The additional seats that we just added, the--

DIANNE KUHL: That's in there, okay.

PAUL PATRICK: Right.

DIANNE KUHL: Okay. Do you know how many additional seats you plan to add on the interior with this?

PAUL PATRICK: It's going to be about the same as what we have now. We're trying to reconfigure some of the dining spaces and some of the food service prep, but I think it does add 20 or 30 seats on the inside.

DIANNE KUHL: Okay. So you're going to have to help me with this. You're asking for \$2 million to do exactly what?

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PAUL PATRICK: So it's a total--

DIANNE KUHL: To add 30 seats?

PAUL PATRICK: [Chuckles] So it's a total renovation of the food service area that's in the new concepts and things like that. Part of it is a modernization of the-- [Clears throat] Excuse me -- a modernization of the food service facility.

DIANNE KUHL: Okay.

PAUL PATRICK: And so part of it is to bring some of that up a little bit. It's to add some storage space, so as far as when deliveries and things like that are made we'll be able to more efficiently serve students throughout the course of the day, try to limit the amount of deliveries in the middle of the day so-- A number of things like that, but it's a modernization more than anything of the facility.

DIANNE KUHL: So this isn't just about adding seats. You're remodeling a kitchen in a sense.

PAUL PATRICK: Yeah. It is a full remodel of the dining facility, yes, ma'am.

DIANNE KUHL: That explains the two million.

PAUL PATRICK: Yes, ma'am.

DIANNE KUHL: Okay.

PAUL PATRICK: I'm sorry [laughs].

DIANNE KUHL: Thank you.

CARRIE EBERLY: And I will just note too that you guys are doing some ADA upgrades as well.

PAUL PATRICK: Yes, yeah.

DIANNE KUHL: Okay.

LOUIS LYNN: With the long-term contract I would thought that ARAMARK would've kicked in more. We competed for it nine years, ten years?

PAUL PATRICK: It was a seven-year contract was the initial term.

LOUIS LYNN: Is the amount they kicked in for seven years \$4 million or-- I just kind of expected--

PAUL PATRICK: For that to be a little bit higher?

LOUIS LYNN: Yeah, yeah.

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PAUL PATRICK: Yeah. I mean, that was through a state solicitation that was governed out of Columbia and that's what the terms of that agreement were.

LOUIS LYNN: Okay. Just as I said on my board at Clemson, it seems like we could squeeze them a little more.

PAUL PATRICK: Right. I do know they're-- Aramark is looking at some longer term agreements with schools, and I think there would certainly be more in terms of capital investment in a long-term agreement, but we were at the seven years and that's what we could get. Thank you.

DIANNE KUHL: All right, thank you.

Any additional questions or comments?

[No audible response]

DIANNE KUHL: All right, all those in favor of recommending this project for approval say aye.

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

[No audible response]

DIANNE KUHL: All right, thank you. Congratulations.

PAUL PATRICK: Thank you, ma'am.

DIANNE KUHL: All right, next up MUSC.

CARRIE EBERLY: So this is a Phase I request for MUSC to create a High Risk Infectious Disease Unit in their Clinical Sciences Building. This is a really great opportunity. They have a federal grant that is funding the up-fit and the reconfiguration of this space on the first floor of the Clinical Sciences Building.

The Clinical Sciences Building, on the first floor, MUHA, Medical University Hospital Authority, actually leases and uses this space from the medical university, so that's why it's a little-- it may be a little confusing to kind of understand the moving parts of all the items. But the organization that's in this location right now, the neurophysiology group, will be relocating to the main building and opening up this 3,000 square foot space. So it's not necessarily a vacant space. It's not a vacant space currently. It's just kind of moving around in order to get the location all set.

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The federal grant is actually a grant to South Carolina DHEC and then DHEC has sub-awarded the grant funds to the University for the construction and up-fit of this facility. MUSC is going to be one of-- the only location right now in South Carolina for this high risk infectious disease unit, and it'll be still only one of five in the nation. So it's a really great research opportunity and an opportunity to get South Carolina's name out there and not only will it be an active unit, when necessary, it'll be able to provide research and training opportunities for the staff on hand.

For the operating costs associated with this space MUHA uses the revenue from clinical operations to do the operating costs as well as the maintenance on the area.

So it's kind of a little bit separate, but initially all the funding for this project will be with federal grant dollars. And then just moving forward, MUHA will absorb the operating costs, and then hopefully additional federal grants will come through to continue providing funds to expand the program and whatnot in the area.

And this is just for Phase I.

DIANNE KUHL: Okay, do we have a motion?

KIM PHILLIPS: So moved.

KEN KIRKLAND: Second.

DIANNE KUHL: Second? All right.

Are there any questions?

LOUIS LYNN: Is it-- Who's--

DIANNE KUHL: Greg.

LOUIS LYNN: Why is this academic? It seems like CDC or something or-- I mean, this-- CHE is voting on it, but I don't see much academic in it.

GREG WEIGLE: No, this is-- The first floor of this building, Clinical Science Building, is adjacent to University Hospital and University Hospital has basically expanded into the first floor. They're like a tenant.

This grant was done from the federal government to South Carolina DHEC. We're actually a sub-recipient for South Carolina DHEC. So this really is more a clinical operation. The education component that Carrie mentioned is for the staff-- clinical staff. I think there's opportunity for us to, you know, get our med students and our nursing students and other



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students involved as this evolves, but as part of the grant commitment is to train existing staff.

LOUIS LYNN: So it's not--

GREG WEIGLE: This is not from a-- This is not a college program. This is clinical hospital operation. So it's an extension of our clinical operations, not our academic program.

LOUIS LYNN: So why are we voting on it then?

GREG WEIGLE: The reason why it would be here, Commissioner--

DIANNE KUHL: That's a good question.

GREG WEIGLE: --is because it's a university building--

DIANNE KUHL: Mm.

GREG WEIGLE: --and the property is university and the requirements are if we're doing a project on university property that we're managing it. It is university funds in essence, but it's a pass-through as the hospital-- clinical operation is basically just reimbursing us as a pass-through.

LOUIS LYNN: So why-- Where's-- It seem like DHEC would be involved. Are we talking--

GREG WEIGLE: Oh, DHEC will. When we go for permits and actually the design, DHEC has to review our blueprints, our design, our construction, and they would license the facility at the end of the construction. They do a licensing inspection.

So yes, this would be-- This is going to take that track, more like a clinical project that we would do as opposed to an academic one. It's just a little unique in that it's a clinical project in an academically owned building.

DIANNE KUHL: Can you see an opportunity-- I mean, Dr. Lynn makes an excellent point. But can you see an opportunity down the road say to bring residents who might have an interest in this type of research or in working with the CDC or--

GREG WEIGLE: Absolutely, Commissioner, yes. I think this is just early in the game. I mean, we've got the award and so we're going to get the unit up and running. Our emergency management part of our clinical operation, who internally championed this-- Certainly there's already been some discussions with College of Medicine. So, as this unit is created and evolved then absolutely certain we'll involve that. It'll be [UNCLEAR].

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LOUIS LYNN: And I'm still kind of-- The CHE-- Something happened negative, worse case. So CHE, no docs, and we're approving an Ebola 2.0?

GREG WEIGLE: Well, the-- You're not-- I guess I'm not-- Sorry, Commissioner. I'm not quite understanding the--

LOUIS LYNN: So--

GREG WEIGLE: --your concern there.

LOUIS LYNN: We're, as academic guys, approving something that the docs and the Ebola kind of guys should be doing.

GREG WEIGLE: Well, I guess-- I mean, it's been approved. Our board approved and the board is the board of both the Hospital Authority and the university. So this project was presented to the board and the board supports us moving forward with the project. The--

LOUIS LYNN: So what-- Again, I'm having-- Why is it at the CHE?

KIM PHILLIPS: I get what you're saying. The state owns the building so we're making sure they do it right. That's it with us. And then the DHEC guys and the docs--

GREG WEIGLE: Right.

KIM PHILLIPS: --and the nurses and everybody are going to say, "When you're in this, this is how you act, this is what you do, these are the procedures, this is compliance."  
We're a brick and stick guy. We're just saying, "You're going to put it there then you guys do it right."

GREG WEIGLE: And this is space--

LOUIS LYNN: That helps.

GREG WEIGLE: --that's leased. It's almost like a tenant in a university building, but as the-- It's state property and we're the administrator of the building, so we have to go through our--

KIM PHILLIPS: Caretaker.

GREG WEIGLE: --process -- yes -- to get the officially approved from a funding standpoint. The licensing as far as-- I guess if that was the risk, would all come through DHEC. Every clinical space that we have would be-- particularly an in-patient space, has got to be approved by DHEC and they ultimately give us the license to operate. That's where our authority for operations comes from, from DHEC.

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LOUIS LYNN: This causes me some concern in that we're--

DIANNE KUHL: They're not going to blame you if somebody puts Ebola in Charleston.

LOUIS LYNN: Okay.

DIANNE KUHL: That's what he's telling you, is that DHEC's going to get blamed for that.

GREG WEIGLE: This is--

LOUIS LYNN: Okay.

GREG WEIGLE: This is more about the funding approval process than it is really anything.

DIANNE KUHL: Yeah. I think it's-- I had some of the same questions that you did, Louis. It's like this is-- Why is this in front of CHE? But it is a matter of we're giving-- It's a university owned building and we have to tell them that they can or can't use that building in that way because it does require some renovation and that's legislatively under our purview.

I am encouraged to hear that there could down the road be that academic possibility. Obviously, this is not the kind of thing that you want somebody, you know, straight out of high school going in and playing with.

GREG WEIGLE: Absolutely not.

DIANNE KUHL: You want somebody that really knows what they're doing, but as we see more and more engineered bugs, and drug-resistant bugs, and we have just seen with the flu this year how devastating it's been, we're going to need more and more people that are researching that.

And to have that right there in the backyard of South Carolina medical students where that could become a new specialty option for them, that's wonderful.

GREG WEIGLE: Yeah, agreed. I mean, as Carrie mentioned, this is-- I think it's the fifth one in the country, so there aren't many opportunities for a medical student or someone training in that profession to be exposed to this kind of training. So it will evolve and we're just real early in the process let's--

DIANNE KUHL: Mm-hmm.

GREG WEIGLE: --go in and we'd move on from there. One thing from a community benefit that-- The folks who were evaluating the grant, they said one of the reasons why they selected us was as an international destination, as an international port we have a high degree of community risk for this kind of disease. So that was--

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DIANNE KUHL: Mm-hmm.

GREG WEIGLE: --one of the factors that they used to award us or why we were selected.

DIANNE KUHL: Did you have any kind of public meetings to determine what the people of Charleston or in that general area, how they would react to having--

GREG WEIGLE: We did not. That would not be-- I get your point, but it's--

DIANNE KUHL: Mm-hmm.

GREG WEIGLE: --just not something that would be typical of our-- with the process.

LOUIS LYNN: So as you did any kind of risk analysis on-- This falls within your risk appetite for reputation--

GREG WEIGLE: Yes.

LOUIS LYNN: --and operations and--

GREG WEIGLE: Yes, it does. One of the things I think it's an improvement is as a clinical provider, certainly a community teaching hospital that we are, if someone were to present in Charleston today, they're coming to MUSC and our current process is that we would close down one of our ICUs, put the person in there, and have to transfer those patients.

So we're going to get the person anyway. It's not a question of will we take the person, or could we not get the person. We're going to get the person anyway. It's really just how we treat them in the best manner possible. So this is an opportunity—grant opportunity to allow us to create a special unit just for it, which we think actually improves our ability to care, lessens our risk, all that kind of stuff.

LOUIS LYNN: But your contribution to higher ed, undergrad, and grad is not very much here.

GREG WEIGLE: As it is presented today, no, but I'm confident that just like any other of our clinical programs that we would evolve. Sometimes the clinical need drives first, and then the educational comes second, and my opinion is I believe this is one of those cases.

DIANNE KUHL: When you come back with Phase II, assuming that it passes today, I would strongly recommend that you have some discussion of that in your Phase II presentation of any plans that you might have. Obviously, we're not saying you have to do it next week or the first--

GREG WEIGLE: Sure, I understand.

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DIANNE KUHL: --five years even, but I would strongly recommend that in that presentation you address how you're going to bring the academic side into it. And I will also tell you, obviously at this point you don't have any blueprints, you don't have any--

GREG WEIGLE: No.

DIANNE KUHL: You can't answer this question, but one of the questions that I will ask you will be about security.

GREG WEIGLE: Okay.

DIANNE KUHL: The physical security of that building because if you've got nasty little bugs that you're playing with in there, how are you going to make sure they stay in there? What if somebody says. *Ooh, this is a great bioterrorism opportunity?*

GREG WEIGLE: I could answer a little bit of that now. One of the reasons-- The hospital considered several areas of where to put this.

I think initially when they first considered again patching it or doing it in an existing intensive care unit was where their mind was going, but it was some of those things -- security and also logistics. The further you had to take the trash, for example, increases the risk of exposure.

So this is a first floor area that's very close to a loading dock so we could limit traffic in and out of the facility that way, and just the location, there's not a lot of cross-traffic with other activities in the building. So it just does a lot to minimize the risk. So that was part of the decision of the Hospital Authority to want to put it in this location.

DIANNE KUHL: Okay.

LOUIS LYNN: And then you're helping your docs train folks and it's good that they should be trained when they come to you.

GREG WEIGLE: Yes. I mean, we have an infectious disease department, so they are trained. I think one of the issues with this kind of disease, everybody thinks of Ebola, but there's some other diseases that would be in this classification. It's something that happens rare, so just having the unit and being able to provide the clinical education for the caregivers, which is stipulated in the grant. That's something we had to commit to for the grant.

Now, again, it's our clinical people who staff-- our clinicians, not students at the moment, but that was a commitment that we had to make to get the grant.

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LOUIS LYNN: So Dianne, my fear is they approved a nuclear plant and didn't have one engineer on their board. We're approving a nuclear plant kind of deal.

KIM PHILLIPS: You're chasing a rabbit.

LOUIS LYNN: Okay, all right.

KIM PHILLIPS: You're on the wrong trail--

DIANNE KUHL: Yeah.

[Laughter]

GREG WEIGLE: Our Board of Trustees--

DIANNE KUHL: You're a doctor.

GREG WEIGLE: --is predominantly physicians and they approved it.

KEN KIRKLAND: This is more of a procedural issue, not anything--

GREG WEIGLE: I believe--

KEN KIRKLAND: --more than that.

GREG WEIGLE: --it is, Commissioner, yes.

KEN KIRKLAND: I would agree.

LOUIS LYNN: Okay, just didn't want someday for someone to say look what those CHE people did.

DIANNE KUHL: I see a lot of educational potential, I mean, even if it's just by osmosis because having these folks that are working in this environment, and then they're sitting in the dining hall talking, you know, with their comrades. You know, how many doctors have picked up a diagnosis that they might not have, you know, because you're trained to look for the horses not the zebras when you hear hoof prints-- or hoof beats, but maybe this really was a zebra and by talking to this other person they're like, "Hey, wait a minute."

So, you know, I think there's some-- I think there is some educational potential and I'm looking forward to seeing how you--

GREG WEIGLE: I agree.

DIANNE KUHL: --how you come up with that in Phase II.

GREG WEIGLE: Great, Commissioner.

DIANNE KUHL: Thank you.

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GREG WEIGLE: Thank you.

DIANNE KUHL: All right, we will take this one to a vote. All those in favor of advancing this with a positive recommendation?

[Multiple speakers, "Aye"]

DIANNE KUHL: Three ayes and one painful aye.

[Laughter]

DIANNE KUHL: Okay. And last but not least, USC. Rick, you're up. Sorry. Actually, Carrie, you're up.

CARRIE EBERLY: So we're going to switch from capital projects to a consideration of a lease and this is-- Some of you may be familiar with the old practice football fields for University of South Carolina. Since it's been the practice field, the space has now changed over into intramural fields and student recreation use, so this a lease to extend their use of the space considered the Army National Guard Field. So this is a request to renew the lease for an additional five years at \$215,000 per year for a total five-year term of just over a million dollars.

This has been a lease that's been going on behind the scenes. Historically it's been either at the staff approval or below the approval threshold amount, so this is why you're seeing it for the first time because it exceeded the term limits. So that's why we're seeing it today.

The current lease that's in effect right now expires April 30, 2018 and is \$156,000 a year. The total space is about 5.72 acres, and the source of funds for this lease will be made from the Department of Student Services campus rec operating budget. So the revenue source for this budget is E&G fees on tuition and a required fees report.

Currently for the academic year it's at \$202 per student, but I do want to note that that whole entire \$202 isn't going for this. It goes into the entire budget so just a very miniscule part goes to pay for the five-year term of this lease.

We are recommending today whether or not to allow them to continue to lease this facility for the university for their needs at student rec.

DIANNE KUHL: Okay. Is there a motion to accept this project?

KEN KIRKLAND: So moved.

LOUIS LYNN: Second.

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DIANNE KUHL: Okay. Anybody have a question?

[No audible response]

DIANNE KUHL: Well, you know I do. Is there a-- I mean, this is, like, a \$59,000 a year increase. Why?

RICK KELLY: Dianne, when I started looking at this project I tried to remember back in 1996-- It sits right on the corner there across from Williams-Brice Stadium and right in front of the adjutant general's office. The adjutant general sits back beyond Bluff Road, but there was an old Pet Dairy site there and Pet Dairy sold that-- got out of that site. The adjutant general had the property and we were looking for a place for our football team to practice.

I think the original concept with the adjutant general -- the local South Carolina Adjutant General's Office -- was to help us with a cost associated with it because to make it practice field we had to plant the grass, build the fields, fences, lighting, restroom facilities, and all that.

But as time has progressed in government, all government, the federal government wanted a fair market value for that property, so we knew at the end of the last lease that we were-- not this five-year lease, but the last one we knew that we were fixing to start getting a much more conservative approach to leasing that land.

Quite honestly, we've been asking them to try to let us buy it because it's a natural thing for us to own, but it's not natural for them to let it go. So they told us if we wanted it that we would have to pay the fair market value. They went and got appraisals done. They had five comparable properties that were associated with it, and then they came back and then they used their rating of 6.5% and that's how they got to this number. Yes, ma'am, it is an increase.

The willingness of us on the other side of that is that-- And Miss Epting is our Associate Vice President of Student Affairs who can talk to this even more. I mean, it is one of our primary intramural activity fields. Over 7,000 students used that facility last semester, and because it has lights and it has restrooms the kids can drive-- or the students-- excuse me, the students can drive there and be self-contained once they get there and have their athletic events. It really gives us an opportunity-- You know, if we had our rathers, we'd rather so that they could walk from campus and do this, but land in downtown Columbia is not very well available, and so this gives us two very well maintained, two facilities that are very dedicated to student athletics and so that's why.



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Yes, it's more expensive than we pay, but I'm fairly certain we've been getting kind of a bargain deal in the past.

DIANNE KUHL: And now you're making up for that.

RICK KELLY: Well--

DIANNE KUHL: Or they are.

RICK KELLY: Well, they are, but I don't think they're making more than they can. I don't think they can get more from any of you if you wanted to lease this property. I think they're just making us pay what they'd make anybody pay to get the use of this property.

DIANNE KUHL: Do you think there's any possibility of being able to purchase the property?

RICK KELLY: Well, we certainly have-- We continue and-- but I think they have long-range plans that may have some additional use for the adjutant general's office. And, you know, I would speculate if I said if-- what it was, but I don't think-- I think it's in their long-range plans and it's not been kicked out of the purse yet.

Honestly, if they didn't, they would've sold it because that's what the federal government's been doing is getting rid of these properties that they have little or no use for. I think it is a part of their long-range plan, so it'll put us incumbent of trying to find more space somewhere down the road I'm sure.

KEN KIRKLAND: Is there any language in the lease that gives you last look for anything to buy the property should they move in a different direction? Is there any last look language that makes sure you have--

RICK KELLY: First right of refusal?

KEN KIRKLAND: Last look, not first right. Last look. That means anything that's going on they get to you and you have a chance to buy at the very end.

RICK KELLY: I'm not aware of anything like that.

HELEN ZEIGLER: They have been very unwilling to negotiate in any form or fashion with us on this lease. It's not even the local people we're dealing with. They're not in Washington. I think they're actually in Savannah. But it is about the most arm's length bureaucratic process that we have gone through, and if we want it these are the terms take it or leave it, up to you.

RICK KELLY: Ken, when we started this in '96 General Archer really had the idea that the adjutant general's office might be folded into some land out at Fort Jackson and built there. It made all the sense in the world. They had the

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resources and stuff to do it. That didn't happen and everything-- The big truck facility is still out there, the heavy equipment. They still have the National Guard Armory that's active on-- for some weekends. So my guess is they think they going to use that property for something in the future.

KEN KIRKLAND: And that was my only-- Again, I'm trying to, I guess, insulate and protect--

RICK KELLY: Absolutely.

KEN KIRKLAND: --a last look for the university because I-- Again, I'd rather USC have it than anybody else.

RICK KELLY: Sure.

KEN KIRKLAND: But if-- And again, it's hard-pressed that you-- they wouldn't want to have last look language that gives them a safety net but also gives USC a safety net that it won't get jerked out from under the school at the last possible moment. I'm just bringing it up as an issue.

RICK KELLY: I understand.

KEN KIRKLAND: If it's a negotiable point and it's nothing more than a sentence or two, it's Paragraph 20, I would suggest if you could add something like that-- And I know you have people that have looked at it over and over, but that's-- In the past I've seen that be a very, very useful tool so that property doesn't get taken away.

RICK KELLY: We will certainly see what we could do, yes, sir.

LOUIS LYNN: So if I assume, your athletic department is giving this to student services, is paying for it for student services. Is that--

RICK KELLY: No. We're--

DIANNE KUHL: Mm-mmm.

RICK KELLY: --pay it for student fees.

LOUIS LYNN: But you have all the language about Gamecock Club and--

RICK KELLY: Well, they have special events out there. When we have a football game, and parents weekend, and homecoming, and things like that we can use that field and we can charge athletics or others for the use of it. But for the primary part this is student activity [UNCLEAR].

LOUIS LYNN: Your source of funding on the document says Student Service and Athletics Operations budget.

RICK KELLY: [UNCLEAR]

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CARRIE EBERLY: Athletics operates the [UNCLEAR]--

KELLY EPTING: They only provide-- Yeah, they provide--

CARRIE EBERLY:--[UNCLEAR].

KELLY EPTING: --maintenance throughout the year.

LOUIS LYNN: They cut the grass.

KELLY EPTING: I mean, it's \$13,000 a year that comes from the athletics budget, so the majority is coming from student services.

LOUIS LYNN: Okay.

RICK KELLY: Last look?

KEN KIRKLAND: Yeah.

RICK KELLY: Okay. Thank you very much.

DIANNE KUHL: Rick, one thing that I can throw in there-- I don't know whose idea it was to put the early termination language in here. If it was their idea, I would be concerned. If it was your idea, kudos on that. But I would strongly recommend that you guys take some real-- If this intramural field is valuable then if it was their idea to put that language in there, you need to be looking now because that means that they put that in there because somewhere in this five years they know they're going to kick you out. So I'd be-- Having written a couple of those leases, that's what you do.

RICK KELLY: Not to bring up a sensitive point, but you've already helped us with beginning to look at this. You helped us acquire the SCANA property. We're going to put at least one field there. It may be a second one if we can acquire some of the interruption portions of that property. So we are doing that. We are always looking for more property. Again, looking for it inside of the university core campus--

DIANNE KUHL: Yeah.

RICK KELLY: --is just a bear. I mean, the property-- I mean, it's \$600,000 an acre out there. It's a million dollars an acre when you get downtown.

DIANNE KUHL: Yeah.

RICK KELLY: To have intramural fields on million-dollar-an-acre property is pretty hard.

DIANNE KUHL: Yeah, there'd be people frowning upon that.

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KIM PHILLIPS: You've got a tough landlord on this one. They're going to do what they want to do.

DIANNE KUHL: Yeah.

RICK KELLY: Well and they've become that way-- Well, I mean, they're like most governments. They're strapped for their dollars and where they've been lenient to other governmental agencies and stuff and we're all finding ourselves there. They've had to tighten their belts, and so they're tightening it up on everybody else. Thank you.

DIANNE KUHL: Well, at least you've already got the infrastructure on this.

RICK KELLY: That's right. That's right.

DIANNE KUHL: Okay.

All right, any other questions, comments?

CARRIE EBERLY: I'll just make a comment that that term clause has been the same for--

DIANNE KUHL: Through the whole thing?

CARRIE EBERLY: --for a while.

DIANNE KUHL: Okay.

CARRIE EBERLY: Would you agree, Helen?

HELEN ZEIGLER: I think, as Rick mentioned, they've got it in some planning document in Washington [UNCLEAR] planning document is something that they are-- just have not gotten around to doing and so they protect themselves by putting this clause in there.

DIANNE KUHL: All right, all in favor of advancing this project with a positive recommendation?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any objection?

[No audible response]

RICK KELLY: Thank you.

DIANNE KUHL: Congratulations.

All right, Miss Carrie, you have reports for us and we actually have time to hear them.

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CARRIE EBERLY: So we have two months of staff approvals that are presented for information. In December we had some projects that were open that we were transferring dollars to and you can see those listed before you. If you have any specific questions, I'll be happy to answer them.

For any of the projects that would've had debt associated with them we did inquire with the universities what would happen with those excess debt funds and those do roll over to the debt service to pay off the debt that was acquired to do either the project or construct any facility. So that's something we've been watching for when we're closing out projects, what excess funds are and where they're going.

LOUIS LYNN: So the numbers in red are the under budget and those dollars go where?

CARRIE EBERLY: They go back to the source of funds that were associated with the project.

LOUIS LYNN: Okay.

DIANNE KUHL: Great.

CARRIE EBERLY: So for-- And for example, for the ones that would have debt with them, the funds, rather than going back to the university for their own use, they would go to the debt service fund at the State Treasurer's Office to continue to make those debt service payments throughout the--

LOUIS LYNN: Is there an incentive-- Is there an incentive for the institutions to end up under budget?

CARRIE EBERLY: I mean, there's always-- Is there a true incentive?

LOUIS LYNN: Yeah. Is there--

CARRIE EBERLY: No. But for the most part the budgets that kind of do come in under budget, they have that contingency-- they have a contingency amount built into their budget. So this is-- would potentially just be the amount that they had planned for, but just in case the contingent part--

LOUIS LYNN: Okay.

CARRIE EBERLY: --and it's just kind of saying okay, we didn't need all that so we're able to revert that back. So that was December.

We'll go to January. And for January the one that might be the most confusing is York Tech. We've actually previously closed Project 6084, but they found an accounting error after the fact, so we are actually reopening the project, reducing the expenditures for that project, transferring those like we did previously to the other project that's also for York Tech, and

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then that project is also being concluded and so they'll be able to close out both projects and be done with those upgrades to the roads.

Does anyone have any questions about anything?

[No audible response]

CARRIE EBERLY:

All right. And then our next item on the list is our spring update for tuition and required fees. And rather than kind of going through everything I'm going to tell you the schools that had changes for the spring semester that are reflected in this updated schedule.

Francis Marion University had a \$25 increase for the spring semester for maintenance repair and renovation. Their reserves for that increase went from \$300 to \$325 so that's reflected in their new total.

Denmark Tech -- if we can scroll down to them -- they did a-- they restructured their fee schedule to move items that were previously dedicated to various categories all into E&G. So essentially now all tuition is in the E&G category to cover operations and they accounted for that in the increase in their cost per credit hour from \$125 to \$175.

And then Midlands Technical College also had a spring increase. They increased their student activity fee from \$115 per semester to \$119 and they increased their cost per credit hour by \$4.00 from \$166 to \$170.

And then the Technical College of the Lowcountry added a technology fee of \$4 per hour. So a total for the year on this schedule would've been 96 so that was a \$96 increase.

And then we also collect their other fees at the colleges and universities. We had a couple of price changes for the spring semester. Clemson increased their online graduate program per credit hour for their Tier 5 program. Their base academic fee went from \$332 to \$365.

Francis Marion University, who recently added their speech pathology program, they added their annual tuition differential for resident and nonresident rates. The resident rate is \$8,740 and the nonresident rate is \$17,486.

And then Tri-County Technical College added their supply chain management course fee for the students that are taking-- that are majoring in supply chain management and those fees will vary from \$150 to \$300 per course.

So just a couple slight changes for the spring semester, and we'll do this again in the fall.

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DIANNE KUHL: Thank you.

LOUIS LYNN: Dianne, does this-- What does the General Assembly-- When they see these-- Is this kind of within their-- kind of what they want it to be, the increase?

DIANNE KUHL: I think you could ask the different General Assembly members for their opinion and get quite a few of them.

LOUIS LYNN: But the 3% kind of deal-- under 3% is okay kind of?

DIANNE KUHL: If you ask me, no. But, you know, we're trying to encourage the universities to find ways to cut costs and there may or may not be a way to do that. But I'm not going to speak for the General Assembly. That's not a wise move.

LOUIS LYNN: So we-- Who do we produce this for then?

DIANNE KUHL: Carrie?

CARRIE EBERLY: This is kind of a-- We produce this for the general public, for students and-

LOUIS LYNN: Okay.

CARRIE EBERLY: --families. They can go onto our website and see kind of the sticker price of what all the different colleges cost across the state and kind of weigh their options should they choose to.

LOUIS LYNN: Okay.

DIANNE KUHL: We make the data available and then how the General Assembly reacts or doesn't react--

CARRIE EBERLY: And we do share the information with the General Assembly.

DIANNE KUHL: Any additional questions for Carrie?

[No audible response]

DIANNE KUHL: Okay.

CARRIE EBERLY: And then the last item we have for your information today-- Just because I had it on the January agenda I left it on there. We just-- We published the 2018 submission deadlines and meeting dates on our website and we just included it in the mail-out materials as another reference point for all of our contacts on our list.

DIANNE KUHL: And if I could, I'd like to speak to this, especially since we have some of our universities and colleges here. We put these deadlines in place last year

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for very good reasons. This wasn't just an arbitrary *Hey, let's pick a date and stick it in there* or let's see if we can make life difficult for the colleges. That was certainly not our intention.

We had reached the point where we were having quite a few very last-minute submissions and number one, it creates an undue burden on our staff because they have to prepare everything to get it ready to give to us. Then we have to be able to read it, digest it, understand it, hopefully come back to either you or to Carrie with the questions that we have so that some of those questions can get worked out before we walk into this room.

There have been some occasions actually where colleges have said, *I don't really want to have that conversation in public right now so let's pull this project and we're going to do some more work on it.* Because the last thing that we ever want to do is to embarrass one of our colleges and universities.

We want you to come in here having a solid idea of the questions we're going to ask and what we're looking for. We may or may not agree with you, but we want you to be able to stand up and acquit yourself honorably and well, and we don't want to blindside you with anything. And having us have actually the time to be able to do that gives us the opportunity to come back to you. It also gives us the opportunity to read the materials and to understand it so that we're not sitting here asking stupid questions.

That being the case, I want to make sure that all of you understand when we say these are deadlines we mean it. These are deadlines, except if you have an emergency. If there is a situation where it's a life/safety issue, you've had a tree that's fallen over on a dormitory, you know, you've got an elevator that's in serious disrepair, things happen. If you've got a life/safety issue, please go ahead and bring that to us and if there's any way we can, we will advance that.

If you've got a situation where-- You know, this will primarily apply to the technical colleges, but you've got a major manufacturing facility that says hey, we want to move into your area and this is a fast-track deal for us and we need you to be able to produce graduates that can do this by this date, and the only way you're going to do that is to get on our next calendar because you got to go through us and then you got to go through JBRC and SFAA and they don't meet for another three months, come talk to us about it.



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If we can accommodate you on something that is going to have a life/safety issue, that directly affects your students, your faculty, and your staff, if you have something that not being able to do it would detrimentally affect the economy of your area, those are the kinds of things that if we can make an exception, we are willing to do it. If it's just because well, we don't wait for three months, we're not going to do it. A deadline is a deadline.

So we want to make sure that you understand when we talk about these deadlines we are still willing to work with you as closely as we can because we are-- You know, as much as we go back and forth, we are still a part of one big team and that is the family of South Carolina. So that's all I have to say on that. And we just did that two days ago so it's fresh on my mind.

Anybody else have-- Oh, I will toss one thing out. I had a fabulous conversation with the Treasurer's Office and we are going to be inviting them to send a representative to talk to this Committee, possibly to the full Commission, to talk about how the bonds actually work, the different types of bonds, what money can and can't be used to repay different bonds, what happens if -- God forbid -- there's a default so that they can come in and really have that conversation with us.

When we do that-- I'm sure that you guys are intimately familiar with that, but if you would like to bring folks from the universities, you'd be more than welcome to join us for that. I don't know when that's going to be. We have to send an invitation to Curtis Loftis and then he will determine who, where, et cetera.

LOUIS LYNN: Get him to talk about when we're going to have a higher ed bond bill.

[Laughter]

DIANNE KUHL: I will put in there that you want-- that you made that specific request.

LOUIS LYNN: Oh, no, no.

[Laughter]

CARRIE EBERLY: Commissioner Kuhl, would you like to mention that the-- I think the chance that our future meetings may not be here in Columbia, but will be at different locations.

DIANNE KUHL: Thank you. Yes. I hope that you-- all of you that are in this area will join us at the Chamber of Commerce tonight. We are having a town hall meeting for the general public to talk about higher education issues. We will be having town hall meetings every two weeks up until, I think, June and when

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that town hall meeting happens to coincide with a Commission meeting we will be in that area. I think our next one is in Rock--

CARRIE EBERLY: It's March 1st, Rock Hill.

DIANNE KUHL: --Rock Hill and then the April meeting is in Beaufort.

CARRIE EBERLY: I have Spartanburg.

DIANNE KUHL: There's one in Spartanburg; one, I think, in Beaufort--

CARRIE EBERLY: Anderson.

DIANNE KUHL: --and then the last one in June is in Anderson. So--

CARRIE EBERLY: I'm not sure of the exact schedule off the top of my head.

DIANNE KUHL: But I think that-- Was that-- That was published in the CHE newsletter. So if you get the CHE newsletter, please take a look at that and note that those dates that fall on the CHE meeting days we will be meeting out of Columbia and it will be the later start time like we're doing now. If you are not on the distribution list for the CHE newsletter, please let Yolanda know and we can take care of that for you. Thank you, Carrie.

CARRIE EBERLY: And March 1st is Rock Hill.

DIANNE KUHL: Yeah.

CARRIE EBERLY: That one I know.

DIANNE KUHL: Okay.

Any other business to bring before the Committee?

LOUIS LYNN: Move to adjourn.

DIANNE KUHL: Do we have a second?

KIM PHILLIPS: Second.

DIANNE KUHL: We are adjourned. Thank you everyone. Good work.

[End of transcription]